

**Summary of Twenty-sixth Negotiation Session on
New Water Supply and Extended MOU Agreement**

Date of Session: February 28, 2005
Place: Santa Rosa Laguna Treatment Plant
Time: 9:00 AM – 11:00 PM

Parties Present and Represented:

Cities: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma and Windsor.
Special Districts: Sonoma County Water Agency, Valley of the Moon WD, North
Marin WD and Marin Municipal WD.
Absent: Forestville Water District

Attachment A contains complete list of attendees.

Approval of Recap of January 24, 2005 Negotiation Session:

After a recap by John Nelson, JONWRM, Pam Torliatt, City of Petaluma, made a motion to approve the minutes and Armando Flores, City of Rohnert Park, seconded. All approved.

New Development, Efficiency and Water Use

Pam Torliatt noted Items 4 and 8 on the Agenda are the same and said City staff was still working on this item and she hoped to have information ready by the next negotiation session.

SCWA Applicability of 75,000 acre-ft Permit Limitation

Randy Poole, Sonoma County Water Agency, said the 75,000 acre-ft per year is related to SCWA customer demands under the State Water Resources Control Board's (SWRCB) permits. He distributed a letter from the SWRCB staff dated February 2, 2006 seeking information for a spring workshop. The information requested is a detailed plan of water conservation efforts that will fully offset future increases in demand on the Russian River using 2003 as a base year and including:

- ? Increases in demand projected to year 2020 and broken down by source..
- ? Proposed conservation methods to offset projected demand during the same period.
- ? Estimated water savings from proposed conservation methods.
- ? Estimated monetary costs of water conservation activities.
- ? Source of financing for conservation activities.

Chris DeGabriele, North Marin Water District, suggested that a meeting be arranged between Water Contractor staff, SCWA staff, Brown and Caldwell personnel currently working on the Urban Water Management Plan, and State Water Resources Control staff. A motion was made to hold this meeting by Jake Mackenzie, City of Rohnert Park, and seconded by Janet Orchard, City of Cotati. All approved.

MMWD's Offer Concerning 5,000 acre-ft Contract Option

Paul Helliker, Marin Municipal Water District, presented two alternatives to implement an extension of their June 30, 2005 deadline option to purchase 5,000 acre-feet of water from the Sonoma County Water Agency.

In the first alternative, MMWD offered to pay SCWA \$1,000,000 prior to July 1, 2005 for extending their option to purchase additional "firm water supply" until July 1, 2014. The second alternative involved paying \$2,000,000 for delaying the option deadline to July 1, 2014, but with payment at such time as MMWD elects to exercise the option. Mr. Helliker stated that MMWD was not interested in losing the option and noted the sums in the offer were negotiable. MMWD voluntarily departed the meeting in order for the WAC to consider their offer.

New Draft of Restructured Water Supply Agreement

Randy Poole distributed a new draft of the Restructured Water Supply Agreement, dated February 28, 2005, showing changes relative to the Eleventh Amended Agreement. He will distribute an electronic version to the WAC members and hold meetings before the next negotiation session. A review of the revisions will be on the next negotiation meeting agenda.

Sub-committees Recommendation of Offer to MMWD

The L/R/T2 Subcommittee chair, Chris DeGabriele, distributed their recommendation for the WAC to consider. The recommendation is for SCWA to make an offer to MMWD in the amount of \$1,600,000 to be paid to MMWD as a contribution to their desalination project and as an inducement to not exercise their option to purchase 5,000 acre-feet of Russian River water supply. Mr. DeGabriele noted the payment was equivalent to a one-time surcharge of approximately \$26/acre-foot. Miles Ferris and Randy Poole both noted the payment could be spread out over time and funded by transfers.

Discussion noted that delivery of all water to MMWD was subject to transmission system capacity over and above the delivery needs of water contractors as limited only by the flow rates and annual caps contained in the Eleventh Amended Agreement.

A motion was made by Jake Mackenzie, and seconded by Chris DeGabriele, to request SCWA to initiate negotiations with MMWD and present the offer recommended by the

L/R/T2 Subcommittee. The motion was carried by the following vote: 6 (Y) / 1 (N)/ 1 (A), with Petaluma voting no, and Forestville absent.

Next Agreement Negotiation Session:

Time and Date: 9:00 AM-12:00 PM, March 28, 2005
Place: Santa Rosa's Laguna Treatment Plant

Attachments:

A. List of Attendees, February 28, 2005 WAC Water Supply Negotiation Session

Attachment A

Attendees at WAC Water Supply Negotiation Session of February 28, 2005

Attendees:

- Chris DeGabriele, North Marin Water District
- Mike Bierman, City of Petaluma
- Pam Torliatt, City of Petaluma
- Steve Simmons, City of Petaluma
- Al Bandur, City of Sonoma
- Mike Fuson, City of Sonoma
- Randy Poole, Sonoma County Water Agency
- Spencer Bader, Sonoma County Water Agency
- Miles Ferris, City of Santa Rosa
- Virginia Porter, City of Santa Rosa
- Greg Scoles, City of Santa Rosa
- Paul Helliker, MMWD
- Jon Mandell, MMWD
- Dana Roxon, MMWD
- Krishna Kumar, Valley of the Moon Water District
- Sanford Smith, Valley of the Moon Water District
- Armando Flores, City of Rohnert Park
- Jake Mackenzie, City of Rohnert Park
- Matt Mullan, Town of Windsor
- Paul Berlant, Town of Windsor
- Toni Bertolero, City of Cotati
- Janet Orchard, City of Cotati
- John Nelson, JONWRM

Public Attendees:

- Don McEnhill, League of Women Voters
- Brenda Adelman, RRWPC
- David Keller, FOER
- Fred Soares, Southwest Neighborhood Alliance
- Bob Anderson, United Wine Growers
- Paul Stutrud, OWL Foundation
- Tom Yarish, Friends of the Esteros